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Evaluation of Mainstreaming Green Growth and Climate Change into the AfDB's Interventions

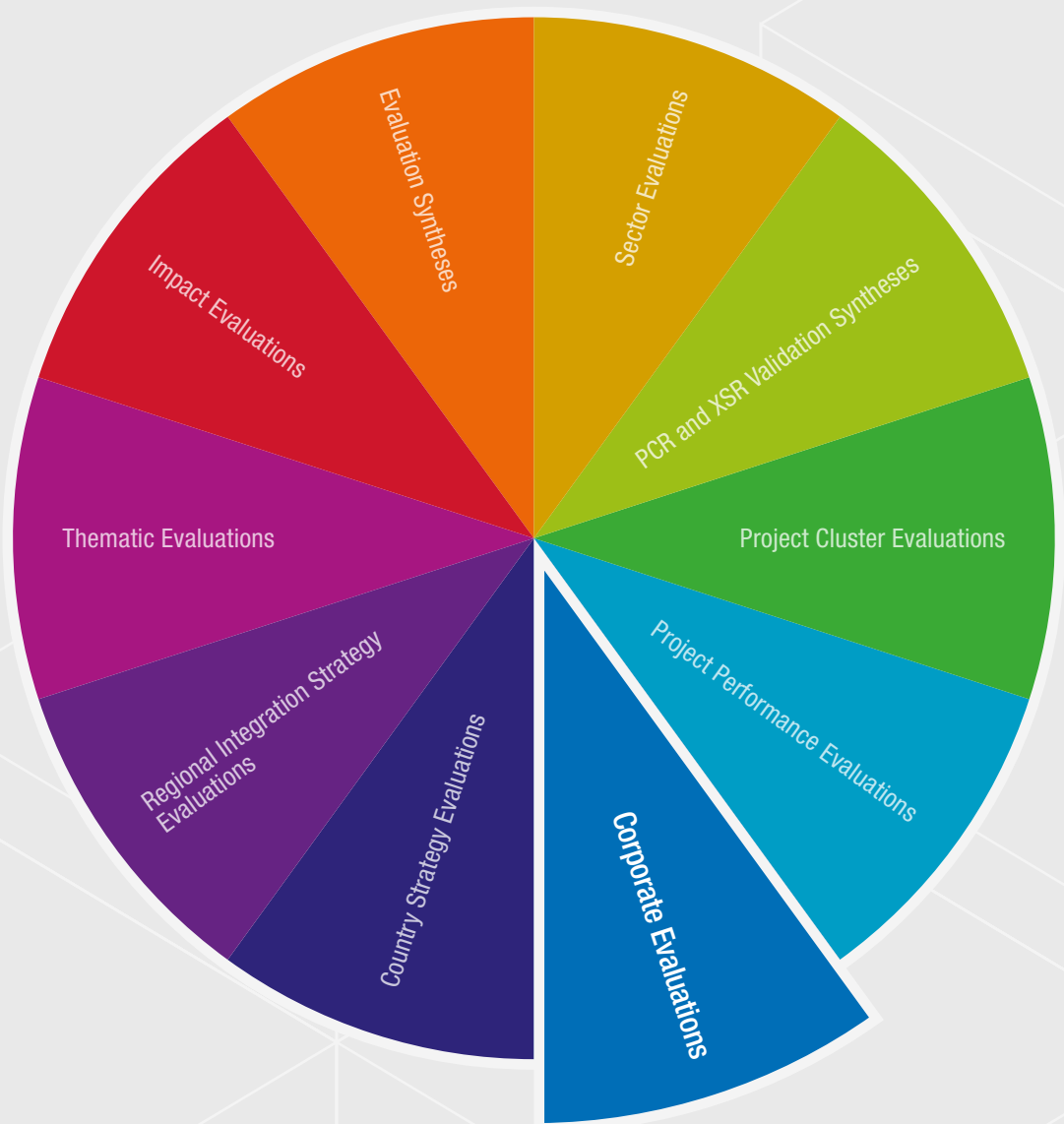
Executive Summary



AFRICAN DEVELOPMENT BANK GROUP

March 2021

IDEV conducts different types of evaluations to achieve its strategic objectives



Executive Summary

Background

The transition to Green Growth (GG) is one of the two overarching objectives of the African Development Bank's (AfDB or "the Bank") Ten Year Strategy (TYS: 2013-2022). An integral part of the Bank's GG efforts is building resilience to climate change impacts, providing sustainable infrastructure and sustainable use of natural resources.

The objective of combating Climate Change (CC) and its impacts is linked to the Bank's High 5 Agenda – Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the quality of life of Africans. Addressing the impacts of CC is central to the attainment of the Sustainable Development Goals (SDGs) and the Paris Climate Change Agreement. The Bank has also committed to supporting African countries to implement their Nationally Determined Contributions (NDCs).

The TYS is supported within the Bank by other strategic and operational documents, including the Climate Risk Management and Adaptation Strategy (CRMA, 2009) and the first and second Climate Change Action Plans (CCAP1: 2011-2015; CCAP2: 2016-2020), which have provided frameworks for scaling up implementation and investments in climate change adaptation and Greenhouse Gas (GHG) mitigation in the Bank's Regional Member Countries (RMCs). CCAP2: 2016-2020 provides the framework for mainstreaming CC into project design and outlines targets to allocate 40% of the Bank's project approvals as climate finance by 2020 and to enhance RMCs' climate resilience. The Green

Growth Framework (2014) and Sector Guidance notes also guide mainstreaming GG principles into the Bank's interventions.

In 2015, the Bank created a dedicated Climate Change and Green Growth Department (PECG) to lead and scale-up its efforts to mainstream Green Growth and Climate Change (GG-CC) into the Bank's interventions (policies, strategies, and operations) including its High 5 priorities, to mobilize climate finance and to guide Bank-wide work to minimize and reverse the impact of climate change on Africa at the regional, national and local levels.

What was evaluated

To improve the performance of the Bank in mainstreaming GG-CC considerations into its policies, strategies and operations, Independent Development Evaluation (IDEV) conducted an evaluation of the Bank's efforts to mainstream Green Growth and Climate Change between 2008 and 2018. The evaluation assessed (i) the extent to which the Bank has mainstreamed GG-CC into its interventions (policies, strategies, operations); (ii) the performance of the Bank's projects which have mainstreamed GG-CC, and (iii) factors of success and/or failure of GG-CC mainstreaming, to understand what works and what does not work, why and in what context. This led to the formulation of lessons, good practices and recommendations to enable the Bank to improve the quality and performance of its interventions and inform the new climate change and green growth policy and strategy framework currently being developed.

Purpose and scope of the evaluation

The purpose of the evaluation was to take stock of and assess the mainstreaming of Green Growth and Climate Change into the AfDB's interventions approved between 2008 and 2018. This evaluation will inform the new climate change and green growth policy and strategy framework under preparation by AfDB Management, which is expected to be completed by Q4 2021. The evaluation has two objectives: (i) learning (for Management and operations staff), by providing lessons and recommendations to address strategic, conceptual and implementation issues related to Bank interventions that mainstream GG-CC and (ii) accountability, by reporting to the Board of Directors and other stakeholders on the results of the Bank's investments in activities included within its GG and CC strategies and frameworks.

The evaluation covered the period from 2008 to 2018 and considered all interventions related to policies, strategies, projects, guidelines, tools and action plans in both public and private sectors. Analytical work (sectoral and economic studies, knowledge products, etc.), capacity-building activities, institutional arrangements, internal procedures, practices and processes were also analysed.

The evaluation addressed the following two overarching questions:

- How well has the Bank mainstreamed GG-CC into its interventions including policies, strategies and operations?
- How well have the Bank-funded projects that mainstream GG-CC performed in terms of relevance, effectiveness, efficiency and sustainability?

Furthermore, the key factors of success and failure associated with the above two overarching questions were examined.

Methodology

The AfDB evaluation policy, the International Evaluation Criteria and the Evaluation Cooperation Group (ECG) Big Book on Good Practice Standards guided this evaluation. It considers the Bank's interventions in the context of country development by determining the extent to which the development results are achieved as well as the conditions and reasons for success and/or failure.

The evaluation opted for a theory-based approach, broken down into six 'building blocks,' to answer the main evaluation questions. The six building blocks include: (i) a Benchmark Review: a desk-based review of strategies, policies and safeguards in place in other Multilateral Development Banks (MDBs) compared with those of the AfDB; (ii) a Meta-Evaluation Synthesis: a synthesis of lessons from previous evaluations relevant to GG-CC to inform design and delivery of the evaluation's building blocks; (iii) a Portfolio Review: an analysis of the composition of the Bank's projects based on a database of projects that was prepared for this evaluation by IDEV; (iv) five Country Case Studies: an assessment of country-level mainstreaming based on reviews of strategy documents, policy dialogue, and assessment of enablers and barriers around mainstreaming GG-CC, involving field visits to each country (Cameroon, Morocco, Mozambique, Rwanda and Senegal); (v) 20 Project Results Assessments (PRAs) involving 4 selected projects in each of the 5 case study countries: in-depth reviews of the Bank's project performance; and (vi) a cluster evaluation of energy and transport projects¹. Evidence from each of the six building blocks was then used to synthesize findings and develop a set of learnings and recommendations.

The evaluation faced the following limitations: (i) the countries visited are not necessarily representative of the whole African continent; (ii) limited resources relative to the scope of the evaluation; and (iii) challenges defining the Bank's projects that have mainstreamed GG and CC; and

the 'backward' looking analysis, given that many of the CC and GG mainstreaming activities within the Bank have been undertaken during the later years of the evaluation period of 2008-2018. To address these challenges in this evaluation, IDEV planned the evaluation in collaboration with PCEG and the AfDB's regional and country offices. In addition to IDEV's internal review, the results of the evaluation were reviewed by an evaluation reference group (ERG), comprised of experts from relevant departments at headquarters and decentralized offices, and external peer reviewers. Meetings were held with the ERG to discuss the emerging findings and recommendations.

Findings

Mainstreaming GG-CC into Bank policies, strategies and operations

Bank's Ten-Year Strategy & "High 5s": Results of GG-CC mainstreaming activities are increasingly evident during the 2008-2018 period after the Bank's approval of key policy and strategy documents, such as the 'Transitioning Towards Green Growth' framework (2014) following the Bank's Ten-Year Strategy (2013), which promotes Africa's transformation through inclusive growth and the transition to green growth. GG-CC was also integrated into the Bank's "High 5s" (2015), which are currently the principal strategies of the Bank. The approved strategies also include the two consecutive Climate Change Action Plans – CCAP1, 2011-2015 and CCAP2, 2016-2020.

Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs): In terms of mainstreaming GG-CC into the Bank's CSPs and RISPs, the evaluation found the following: (i) among several measures taken by the AfDB to mainstream GG-CC, one important focus has been on ensuring that CSPs and RISPs include GG-CC activities and objectives. Substantive references to GG-CC are now observed in the most recent CSPs and RISPs. However,

interviewed stakeholders indicated that the Bank needs to prioritize and improve the effectiveness of the mainstreaming efforts in the CSPs and RISPs to achieve the intended results; (ii) although the Bank did well in mainstreaming GG-CC in its policies, strategies and operations during design, GG-CC references in CSPs, RISPs, Bank programs and sectoral policies have been implemented in a limited way, largely due to capacity constraints at country level, green growth not being readily 'actionable' and a high level of uncertainty about "pathways to change." This is exacerbated by the limited use of GG-CC targets and indicators within Bank-funded projects; and (iii) the recent CSPs highlighted the need for increased Bank GG-CC intervention in areas where it had a proven comparative advantage. There is evidence that CSPs in the case study countries have identified potential interventions that may enable RMCs to develop NDC action plans and then implement them, providing an opportunity for enhanced funding and non-lending support for RMCs.

Bank-funded operations: The main findings of the evaluation with regard to mainstreaming GG-CC into the Bank's operations are the following: (i) among several measures taken by the AfDB to mainstream GG-CC into Bank-funded operations, GG-CC mainstreaming considerations have been introduced systematically during project design. Project Appraisal Reports (PARs) provide, in a dedicated section, agreed climate change measures. By 2018, 82% of new projects were designed to enhance resilience/adaptation and reduce climate impacts/GHG emissions. However, attention to measures that consider GG-CC dissipates during project implementation; (ii) the extent to which projects have noticeable GG-CC-linked outcomes depends on several factors. These include: how effectively projects are delivered; whether an upstream or downstream project or context provides complementary GG-CC benefits; whether there is an environmental component; whether dedicated climate funds have been used; and whether the RMC has requirements to integrate GG-CC into a project;

(iii) the extent to which Bank investments are achieving results related to GG-CC mainstreaming is not being adequately measured during implementation; this is mainly due to lack of clear reporting requirements and limited capacity and systems to effectively assess and monitor GG-CC outcomes; (iv) the portfolio review of the Bank's projects indicated an unequal distribution of projects that mainstreamed GG-CC across regions and countries; and (v) the evaluation found that the Bank has gained a track record in mainstreaming GG-CC in some RMCs by working in the key relevant sectors, where the Bank has comparative advantage. However, the Bank could do more to facilitate coordinated cross-sectoral action for effective GG-CC mainstreaming. For example, Morocco's significant water stress, now intensified by climate change, shows the importance of a cross-sectoral focus and provides an opportunity for the Bank to deepen the dialogue with other sector stakeholders, such as in agriculture. Discussions within the Bank reinforced field evidence of the need for cross-sectoral cooperation at the operations level.

Regional and international partnerships:

The Bank has developed a considerable array of regional and international partnerships in strategic, financial and technical areas to assist RMCs in their efforts to mainstream GG-CC into their development interventions. These partnerships were found to be relevant, and interviewed stakeholders widely indicated that the Bank should do more in terms of engaging directly with RMCs for better results.

Knowledge generation, evidence-based policy advice, and technical assistance:

The Bank has already gone a long way towards mainstreaming GG-CC into Bank procedures and operations in RMCs through knowledge generation, evidence-based policy advice, and technical assistance. The main findings of the evaluation are the following: (i) the Bank has published a variety of knowledge products in the area of green growth and climate change; (ii) the Bank is the first

regional development Bank to participate in the Green Growth Knowledge Sharing Platform, which brings together multiple stakeholders, including international organizations, donors and academic institutions; (iii) GG-CC has been part of country dialogue on various occasions, including during CSP/RISP design and during support to some RMCs to design their own strategies (e.g. Morocco, Rwanda, Mozambique); (iv) in the context of NDC policy dialogue, the Bank under the Africa NDC Hub has been active in many countries. However, the interviewed stakeholders indicated that the Bank needs to put more emphasis on tracking progress during implementation and systematically following up on RMCs' focus on GG-CC; and (v) the Bank did well in terms of developing tools, guidelines, relevant processes and targets with a clear CC mainstreaming perspective; however, inconsistencies in understanding GG persist among RMC stakeholders, especially in RMCs without a green growth or low carbon development policy, as well as within the Bank.

Portfolio and Performance of projects evaluated

The Bank's projects, interventions, or portfolio in the context of this evaluation refers to those that mainstreamed GG-CC into their designs. Because the Bank's systems do not classify or mark projects in this way, the evaluation team went through the Bank's project database and undertook the identification itself.

Overall, funding for Bank projects that mainstreamed GG-CC over the evaluation period increased from approximately 1.5 billion UA in 2008 to just over 4.5 billion UA in 2018. The overall project database for this evaluation is comprised of 277 'component' projects/indirect investments (18% of the total number of projects approved by the Bank over this period and 32% of the GG-CC portfolio) and 596 'autonomous' projects (39% of the total number of projects approved by the Bank over this period and 68% of the GG-CC portfolio). Although some projects receive co-financing from internal

and external climate and environment funds, the Bank has endeavoured to ensure that all Bank projects mainstreamed GG-CC at the design stage irrespective of the funding source.

In the 2008-2018 period, the largest sectors within the Bank's portfolio which performed well in GG-CC mainstreaming are energy, with 198 projects, 22.7%; followed by agriculture (161 projects, 18.4%); transport (157 projects, 18%); and water supply and sanitation (145 projects, 16.6%). The distribution of the Bank's projects that have mainstreamed GG-CC is uneven across member countries: 14 countries received 70% of the funding, and 40 countries received 30% of the funding.

From the Bank's portfolio, four projects in each of the five case study countries, totalling 20 projects, were selected for in-depth analysis (Project Results Assessments-PRAs). These projects included a broad coverage of financing mechanisms, total values, project types (standalone or component) and sectors: WSS (7), energy (4), transport (3), agriculture (4), and environment (2). The PRA data was synthesized using scorecards to assess their relevance, effectiveness, efficiency and the sustainability of their results, based on a screening of project documents, log frames and other documents that were then cross-checked during country on-site visits and by interviews with stakeholders.

Relevance: The overall relevance of the 20 projects was assessed based on the alignment of their design with the associated CSPs and RISPs (where these referred to GG-CC at the time a project was developed), as well as on the average alignment of the project with national policies, Bank strategies, tools and beneficiaries' needs that mainstreamed GG-CC. Two-thirds of the projects scored 'medium' or 'high' on alignment with the Bank's and national policies and beneficiaries' needs in terms of GG-CC. The relevance of project objectives and targets was also satisfactory overall.

Effectiveness: The effectiveness of the projects in achieving their intended GG-CC mainstreaming

results (outputs and outcomes) was assessed. Almost half of the projects couldn't be assessed (due to a lack of data) and of the remainder, about one quarter was unsatisfactory.

Efficiency: The evaluation examined project efficiency in terms of budget, time usage, how the project had coped with challenges that significantly impacted project performance and whether solutions were found to these challenges during implementation. Most projects did not report on the efficiency of timely delivery and budget execution specifically for the aspects related to GG and CC. Therefore, overall efficiency was evaluated: it was satisfactory for budget use -almost half the projects found and applied solutions to major challenges that significantly impacted implementation, while timely delivery was unsatisfactory for most projects.

Sustainability: Project sustainability was assessed in terms of the overall sustainability of project results (financial and institutional sustainability) and to what extent projects had considered specific risks related to GG-CC or sustainability in their design or exit strategy, and whether projects were likely to be effective in the long term. Most projects (16 of the 20) had an exit strategy and incorporated some sustainability measures, though few projects (3 of the 20) considered GG-CC factors or institutional or financial factors in sustainability plans that were credible and likely to be effective in the long term. The sustainability of the projects was unsatisfactory overall.

Factors enhancing or hampering the projects' performance

Among others, the evaluation highlighted the following key factors that enable and/or hinder of mainstreaming GG-CC into the AfDB's interventions: (i) support of a coherent policy frameworks and the matching of ecological and economic objectives; (ii) link between environmental performance and the core indicators/main results; (iii) contribution of the Bank's Environmental and Social Safeguard measures, and the ESIA procedures, to the

environmental sustainability dimensions of projects; (iv) adequacy of human (GG-CC expertise of the Bank), financial resources and project management and procurement systems; (v) enabling environment to private sector investments and involvement, including profitability of GG designs; and (vi) participatory planning approaches and broad stakeholder consultations.

Lessons

1. **Where specialized GG-CC units are located higher in an MDB's structure, GG-CC results are better achieved.** All MDBs have a specialist unit in charge of GG-CC, but its location in the organization hierarchy varies. The higher up in the organization the unit is located, the more effective it can be at seizing opportunities, influencing decisions and resource allocation, and increasing the effectiveness and efficiency of mainstreaming efforts.
2. **An increased role, capability and GG-CC expertise in Regional and Country Offices tends to enhance the performance of projects and non-lending interventions in the area of GG-CC.**
3. **Monitoring and measuring the Bank's achievement of GG-CC results is essential to ensuring that its intentions and its approved intervention designs that mainstream GG-CC are being implemented.** While GG-CC screening is applied to AfDB projects during the design process, before approval, there are no formal mechanisms and structures to ensure considerations focusing on GG-CC are closely monitored during the implementation of projects. GHG mitigation measures are not sufficiently embraced during project implementation for expected emissions reductions to be achieved; CC adaptation measures are not sufficiently integrated into project implementation for adaptation and resilience outcomes to be adequately achieved. Results obtained in terms

of GG-CC by government and Bank actions are both poorly monitored and measured.

Conclusion

This evaluation highlights lessons and recommendations to support the Bank to be increasingly effective at mainstreaming its own principles of GG and CC in its policies, strategies and operations. This evaluation also acknowledges the complexities in Africa about the multitude of contexts across its 54 RMCs as well as the difficulties of reconciling climate change targets amidst economic and political constraints.

The Bank did well in mainstreaming GG-CC in its policies, strategies and operations during design. Over the 10-year period, most notably from 2015 onward with the revisions to strategy, policy, and operations, there has been a clear progression within the Bank, increasing the mainstreaming of GG-CC across its operational departments and projects with RMCs. As strategies and frameworks – such as CSPs, RISPs, TYS, CCAP, and RMF – have been updated and revised periodically, there is a clear progression in acknowledging and explicitly mentioning GG-CC as one of the important cross-cutting issues to be addressed as Africa continues to rapidly evolve and develop. However, GG-CC references in CSPs, RISPs, Bank programs and sector policies have been implemented in a limited way, largely due to capacity constraints at country level.

Overall, the Bank has demonstrated its commitment and leadership in pushing the climate agenda forward across the region through a dedicated department whose mandate is to mainstream GG-CC at the operational level and there is a strong proclivity from the Bank to be at the forefront of change across the region and present itself as a key actor for supporting CC policy and CC interventions. While there has been a shift in Bank strategies and policies to integrate GG-CC, project implementation ought to be further improved through the inclusion of clear expectations and measurable targets for

suppliers and task managers. Clear expectations and measurable targets ought to be outlined as well in strategies at regional, country, sectoral, and Bank policy-level. Evidence of uptake and adoption of these measures would strengthen strategic thinking and the development of more 'actionable' products.

The Bank can further strengthen its position and more effectively execute its strategies by devising clear pathways of change through a revision and update of the strategic-level theory of change with alignment to results indicators.

Targets for climate finance and climate screening have been integrated into project design phases, creating CC dialogue between operational staff and documenting and mitigating climate risks resulting from projects. Given the limited resources available to address such a complex issue, it is essential to find the right balance between the development of ambitious policy objectives, while ensuring that the support is both internally coherent and externally complementary to the support of other donors. This also means potentially re-defining what a project which targets GG-CC means and creating specific standards that clearly articulate the principles of the Bank's strategies (e.g. GHG emission targets for projects). Among other donors and multilateral development banks with strong influence and interest in addressing the negative impacts of climate change, the Bank has a critical role in influencing policy and delivering discernible results in its RMCs. Over the 2008-2018 period, the Bank has presented itself as a key institutional actor in the region with the capacity to influence policy and engender transformative change. This proven ability and willingness to substantively engage with GG-CC mainstreaming over a decade have provided a solid platform from which the Bank can further integrate GG-CC within its policies, strategies and projects.

Recommendations

IDEV makes the following recommendations:

1. Locate the department responsible for GG-CC appropriately in the Bank's hierarchy, so that it provides overall strategic oversight and guidance for all GG-CC activities, including responsibility for appropriate targets that are cascaded throughout the institution.
2. Strengthen the technical and institutional capacities of the Bank's GG-CC specialised unit, PEGC, to provide quality and timely hands-on support to the Bank's Regional and Country offices for effective GG-CC mainstreaming throughout the project cycle.
3. Establish a clear theory of change (in particular for GG, but also CC), and an integrated GG-CC results framework, with clear definitions that follow the recently strengthened and agreed GG-CC definitions of MDBs.
4. Clarify focus areas for GG-CC interventions for the AfDB that appropriately consider the Bank's comparative advantage and the expertise across sectors.
5. Put in place adequate mechanisms to monitor and track GG-CC results throughout the project cycle, to (i) promote continued attention for GG-CC during project implementation, (ii) enable the Bank to address potential barriers to the uptake and effectiveness of GG-CC mainstreaming, and (iii) improve reporting on the results achieved. ■



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About this evaluation

This evaluation of mainstreaming Green Growth (GG) and Climate Change (CC) into the AfDB's interventions between 2008 and 2018 considered all types of intervention: policies, strategies, guidelines, tools, action plans, and lending and non-lending operations in both the public and private sectors. It covers a total portfolio of 873 projects worth UA 30.4 billion. The evaluation examined how well the Bank has mainstreamed GG-CC into its interventions, and how well Bank-funded projects that mainstream GG-CC have performed in terms of relevance, effectiveness, efficiency and sustainability.

The evaluation found that GG-CC mainstreaming efforts have become increasingly evident in recent years. The Bank does well in mainstreaming GG-CC in its interventions during design, but implementation remains limited. Attention to measures that consider GG-CC was found to dissipate during project implementation, mainly due to capacity constraints at the country level. Measurement of progress during implementation, as well as coordinated cross-sectoral action, could be improved.

While the relevance of the 20 projects selected for in-depth analysis was found satisfactory, their effectiveness, efficiency and sustainability were deemed unsatisfactory.

The evaluation recommended, among others, to strengthen the Bank's technical and institutional capacities, to establish a clear theory of change and results framework, and to put in place adequate mechanisms to monitor and track GG-CC results throughout the project cycle.



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